



Agribusiness Committee

Thursday, July 15, 2004

2:00 p.m.

Hotel Roanoke and Conference Center

Roanoke, Virginia

APPEARANCES:

The Honorable Joseph P. Johnson, Jr., Chairman

Mr. C. D. Bryant, Vice-Chairman

Mr. J. Carlton Courter, III (by telephone)

Mr. Fred M. Fields

Mr. Jordon M. Jenkins, Jr.

Mr. Buddy Mayhew

Mr. Claude B. Owen, Jr.

Mr. John M. Stallard

Mr. Thomas F. West

COMMISSION STAFF:

Mr. Timothy Pfohl – Grants Program Administration Manager

Mr. Brett Nelson – Grants Program Administrator-Southside

Ms. Sarah Griffith – Grants Program Administrator-Southwest

DELEGATE JOHNSON: I will now call the Agribusiness Committee of the Virginia Tobacco Indemnification and Community Revitalization Commission to order. And we'll have a roll call.

MR. PFOHL: Thank you, Mr. Chairman. Vice-Chairman Bryant?

MR. BRYANT: Here.

MR. PFOHL: Commissioner Courter? He will be calling in. Mr. Fields?

MR. FIELDS: Present.

MR. PFOHL: Mr. Jenkins?

MR. JENKINS: Here.

MR. PFOHL: Mr. Mayhew?

MR. MAYHEW: Here.

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1 MR. PFOHL: Mr. Owen?

2 MR. OWEN: Here.

3 MR. PFOHL: Mr. Stallard?

4 MR. STALLARD: Here.

5 MR. PFOHL: Mr. West?

6 MR. WEST: Here.

7 MR. PFOHL: Chairman Johnson?

8 DELEGATE JOHNSON: Here. I welcome all of you and those of
9 you in the audience and members of the staff. I find there is a quorum present and we're
10 constituted legally to transact the business of the Agribusiness Committee. The first
11 thing would be for approval of the minutes of Wednesday, May 19th, 2004 at 4:30 p.m.
12 That meeting was held at the Institute for Advanced Learning and Research in Danville,
13 Virginia. Do I have a motion?

14 MR. BRYANT: I move that.

15 MR. OWEN: Second.

16 DELEGATE JOHNSON: Are there any corrections or additions to
17 the minutes? All in favor of the motion signify by saying aye. (Ayes.) All opposed? (No
18 response.) The ayes have it.

19 I noticed for the reporter on the last page, and you did a good job, where it says
20 I further certify that this is a true and accurate transcript to the best of my ability to hear
21 and understand the proceedings, what can we do to make your job easier or help you?

22 THE COURT REPORTER: When people are speaking, if they
23 would come to the podium instead of people standing all over and then identify
24 themselves, that would help.

25 DELEGATE JOHNSON: I would suggest that if you are going to
26 speak, please come to the podium, so we can get it down accurate. You did a good job,
27 and I read it and I think you accurately transcribed the proceedings and we appreciate
28 that. It was very interesting and helpful.

29 MR. FIELDS: Mr. Chairman, I think part of the problem is that the
30 dialect in the far Southwest Virginia, like Sara Griffith has, you know. I think he has
31 some problems with that, but we can get all that straightened out.

32 DELEGATE JOHNSON: All right. The next order of business will
33 be the discussion of the pre-applications. We have a lot of applications. What policies or
34 procedures do you want to follow hearing the people? Do you want to go down the list
35 you have provided for us?

36 MR. PFOHL: Mr. Chairman, I'll be happy to set the stage a little bit
37 about how we can present the information today. As you recall from the May meeting,
38 staff presented some options for how the Agribusiness Committee could administer the
39 grant process for approximately \$1.76 million that's available currently. That is cash on
40 hand that is available to the Committee to award at any point. The Committee instructed
41 staff to proceed with what is somewhat of a new approach to the grants cycle for the
42 Commission. We notified people that we are aware of that had expressed an interest in
43 the Agribusiness Programs that had been past grantees for Agribusiness funds. As of July

1 1st, we would accept pre-applications with funding proposals. Then the Committee
2 would meet as you're doing today, to review those pre-applications and basically create a
3 short list of proposals that you're interested in seeing a full project proposal. We
4 envisioned that September 1st, full proposals would be submitted and the Committee
5 would meet after September 1st after we've had time to review the full proposals and then
6 you can take action at the October Commission meeting, which is October 21, in
7 Clarksville to award any up to \$1.76 million that's available to you.

8 As of July 1st, we received 15 pre-applications requesting \$5.4 million and you
9 have that list in front of you. This week, we received a 16th proposal that I think, given
10 the nature of this process and the nature of the request, it probably is something that you
11 should see. That is a coyote damage control proposal and it should have been faxed to
12 you this week. If you do not have a copy of it, we have extra copies over here and Brett
13 will be happy to pass those out. If there's anyone that has not received a copy of the
14 coyote damage control proposal, all right. I think most of the applicants that have
15 submitted pre-applications are here today to respond to your questions. The staff has
16 reviewed these, but we have not done a scoring or ranking because in the pre-application
17 process, and we'd like the Committee to express this interest in a short-list, if you will, of
18 the proposals. That's where we are today.

19 DELEGATE JOHNSON: Any comments from members of the
20 Committee? There being no comments or suggestions, then we can start with the FY04
21 Agribusiness applicants and go down the list. The first one is Virginia Tech/IALR,
22 Developing Foam-Based Plant Rooting Media to Diversify the Economic Base of
23 Southside and Southwest Virginia, \$143,000. Is there anyone here that would like to
24 present that?

25 DR. NOWAK: Yes, sir. My name is Jerzy Nowak and I'm head of
26 the Horticulture Department at Virginia Tech. I have been facilitating this proposal, as
27 well as the next proposal. I am not an authority on this one, and I have been involved
28 from the concept to the development of this proposal and the entire program. Would you
29 like me to briefly outline the application?

30 DELEGATE JOHNSON: Yes, summary.

31 DR. NOWAK: A brief summary, we would like to explore the
32 possibilities of the development of alternative soil treatment, which like in crops like
33 strawberries and other high-value horticultural crops that methyl bromide has been used
34 to sanitize the soil. And methyl bromide, as you know, as of 2006 will be banned. To
35 reduce risk in the high-value horticultural crops production we would like to develop,
36 which is a company here that represents us. This company has a line of materials, which
37 are based on natural products, which is yellow mustard and hot pepper. What our
38 department will be working on is to target the soil preparation for high-value crops using
39 alternative compounds and we've also been working with using crops, which contain
40 glucosinolates like mustard. We'd like to develop programs, where glucosinolate will be
41 linked to the soil and diseases before the next crop. That's one aspect of the program.

42 Another aspect, I'm sorry, I'm talking about a different project. I'll withdraw
43 that, that is the second project. This is on the farm-based development for the production

1 of plugs. This is targeting the multi-billion dollar industry across the United States and
2 that is Medius International. They have been working on the replacement of Oasis.
3 Oasis is a foam which is used for transplant production and based on formaldehyde. This
4 will be off the market within the next couple of years. There's an opportunity to produce
5 this new foam, which will be based on soybean oil or other oils extracted from like corn
6 or sunflowers. Soybeans are the primary target. Virginia Tech has patents on the
7 soybean oil. The idea is that where this turf can be produced, and there's a picture there
8 in the grant, the turf sheets can be sold to golf courses, homeowners and sport fields to
9 repair the damage. Another thing is a very large market for the plugs production. This
10 could help produce a line of products, which has different capabilities for the plant
11 requirements, which has a water holding capacity as well as nutrient holding capacity.
12 This would feed potentially to the tobacco greenhouses, which are underutilized. The
13 idea is to explore several high-value crops, like cut flowers and this would provide
14 opportunities, which could be linked to other crops. The Dunhill program and the
15 Institute for Advanced Learning and Research has already the capability structure to
16 produce these polymers in collaboration with Virginia Tech. This can be easily
17 implemented. Sorry for my long-windedness, I started in reverse.

18 DELEGATE JOHNSON: Are there any questions? Thank you, sir.
19 Let's go to the second one, Soil Microbial Community Management Following the
20 Glucosinolate Treatments.

21 DR. NOWAK: That's the one I started on, unfortunately. There's
22 two options here and the first is a live preparation. It's using these cover crops, one of
23 them is yellow mustard. Another one is actually developing the preparation itself, which
24 will be extracted from the mixture, hot pepper and the yellow mustard and there's
25 potential development of the market and the products for the new markets, which will
26 derive once the methyl bromide is banned in 2006. There are several other compounds
27 being tested as a replacement but these are the natural compounds, which will target both
28 the high-value horticulture and regular production, as well as organic production of the
29 horticulture crops.

30 DELEGATE JOHNSON: Any questions? Thank you.
31 The third one is the Virginia Department of Agriculture and Consumer
32 Services, Tight Cooperage Startup Project.

33 MR. GREEN: Good afternoon, my name is Jim Green and I'm
34 International Marketing Specialist for Forest Products Division of Marketing with the
35 Virginia Department of Agriculture and Consumer Services. In my pre-application form,
36 I described interest in the Virginia white oak to be used in tight cooperage, specifically
37 for production in wine barrels. In the past six or seven years, we've gotten a lot of
38 interest from Spain and we're selling a lot of white oak stave logs to Spain. The stave
39 logs are being converted to wine barrels, mostly by Spanish producers who are exporting
40 some of those back to the U.S., South America and other markets. We see a real
41 opportunity to generate that product, the wine barrels and the cooperage products or other
42 products that go into wine production. The problem with this activity is that we've got a
43 market for wine barrels from Virginia. Writers from the wine industries are starting to

1 mention Virginia woods as being a good source for white oak wine barrels, but we're not
2 benefiting from the production of those barrels or that product by our home producers.
3 California is producing some of our wine barrels and some of the wood products. I think
4 it's a very good opportunity for us to bring some opportunities of value-adding for the
5 forest products industry, not only for the domestic market, but also for the export market.

6
7 I'm involved in another activity sponsored by the Southern United States Trade
8 Association to promote wine barrel products from Virginia and other states like
9 Kentucky, Tennessee and some other southern states to Latin America. I did a trade show
10 just recently in Argentina and followed up with a trade mission to Uruguay and there is
11 considerable interest in that product. They are familiar with the Virginia white oak. We
12 have one producer in the Commonwealth producing white oak staves, he has limited
13 production and he is not in the tobacco area, but he does keep the light on for us and we
14 do have the capability of producing white oak. Of the areas that you encompass,
15 Southside and Southwest Virginia, there's a tremendous potential for white oak for this
16 activity.

17 I have outlined basically, very simply, some activities that we need to take
18 place to get production of the white oak barrels, but I'm sure there will be a whole lot of
19 other considerations. I've listed this under an activity to be managed by the Virginia
20 Department of Agriculture and Consumer Services, but there probably would be other
21 opportunities with the non-profit groups and organizations and associations. We have a
22 group of state-agency based representatives and we call ourselves the Virginia Forest
23 Based Economic Development Council. It's state groups represented by a particular
24 individual like myself, others with Virginia Tech, Virginia Department of Forestry,
25 Economic Development, Small Business Assistance, the Virginia Port Authorities, I may
26 be missing some but those are a few. That organization may be the type of organization
27 to oversee this type of activity. As far as the monies that can be generated by this
28 activity, I don't know and it's just a guess what the market will look like. I see
29 opportunities in countries that we don't consider to be buyers of wine barrels right now,
30 particularly China. China's vineyard production in the last couple of years has almost
31 doubled and it's right behind the U.S. Some of the traditional markets, particularly
32 Spain, are losing some of their influence in the wine business, but there's other countries
33 and other markets coming into play. I think the overall increase was up in 2002 and 2003
34 about 2% and that shows good growth.

35 In summary, that's about all I can say about the project right now. I have a
36 handout I'd like to give you and I've put some information about this activity, Forest
37 Products. I'll tell you that we promote that the wine industry, and I've kind of written,
38 make mine Virginia white oak wine barrels.

39 DELEGATE JOHNSON: Do we have that many white oaks in
40 Virginia?

41 MR. GREEN: Overall, Virginia is the number one white oak
42 exporting state in the U.S.

43 DELEGATE JOHNSON: Export?

1 MR. GREEN: Export alone.
2 DELEGATE JOHNSON: What about Virginia?
3 MR. GREEN: It is the number one exporting state for white oak
4 lumber.
5 DELEGATE JOHNSON: Interesting.
6 MR. GREEN: Virginia, in solid wood products, we're in the top ten
7 consistently.
8 DELEGATE JOHNSON: Where are most of the white oaks?
9 MR. GREEN: They're all over. Some of our better white oak for
10 wine barrels seems to be coming from the Piedmont to Coastal areas. The mountain
11 white oak may be a little tight grain for wine barrels. They like to get the open grain to
12 get the flavor of the wine. I'm not a wine specialist, forester and sawmill guy.
13 DELEGATE JOHNSON: Are there any questions?
14 MR. BRYANT: What is the total cost of these startup programs?
15 MR. GREEN: I've estimated it at 250,000.
16 MR. BRYANT: That's what you're asking for from the
17 Commission?
18 MR. GREEN: Yes.
19 MR. BRYANT: That's not your total costs?
20 MR. GREEN: No, to get under production, any time you get
21 sawmill operations or a wood production operation you're talking about several million
22 dollars. This activity will possibly be, I'm thinking in terms of what it would take to
23 make wine barrels. We have no one in Virginia who could make wine barrels that I know
24 of. I've asked a lot of people about that. We'd probably have to use our Spanish
25 connections. We have a Spanish gentleman who's very much interested in a joint
26 venture, bringing one of his technical persons here to live for a year or two to get us up to
27 speed. You cannot buy stave-producing equipment today, it has to be custom made. You
28 cannot buy barrel equipment today, it has to be custom made. I spent some time with the
29 gentleman in Spain, and if you're a wine connoisseur and you read the bottles, they've
30 installed a barrel making operation and the piece of equipment was all custom made on
31 the spot and very specific in how it functions. There's a whole lot of pneumatic lines
32 going to one big thing that pushes all these staves together. A wine barrel made in the
33 States has a value of somewhere around \$350 to \$450.
34 MR. MAYHEW: Is there a standard size, or so many gallons?
35 MR. GREEN: Wine barrels come in three or four different sizes,
36 generally they're a little larger than a whiskey barrel and whiskey barrels tend to be a
37 little bit smaller. We do have some people in Kentucky that make whiskey barrels, but
38 that's a different product. The standard size wine barrel is 250 liters.
39 DELEGATE JOHNSON: Your application says you're trying to line
40 up other countries and industries to help you with the project. Do you have any on the
41 hook yet?
42 MR. GREEN: Yes, sir. I mentioned before that a gentleman from
43 Spain is very much interested. As I mentioned in the application, he has bought at least

1 1200 containers of white oak, mostly from Virginia, although some is from Kentucky.

2 MR. MAYHEW: Where would the main income come to the
3 producer, would it come from the seller of the trees or people that go to work in the
4 manufacturing of the barrel?

5 MR. GREEN: Yes, the stave log is a special quality type of log and
6 it's similar to a veneer log. If you're a landowner and you're selling your stumpage and
7 you have a considerable amount of white oak that has stave quality material on it, you
8 will at least double the potential for income from any timber sale. Normally, the stave
9 logs will sell for two to three times the regular saw log or maybe even more than that.
10 About half the value of a good veneer log. That's the uniqueness of what we have here.
11 We have a lot of good quality white oak. A stave log does not have to be a tremendously
12 big tree and does not have to be 22 or 24 inches in diameter. A fifteen-inch diameter tree
13 is a good size stave log. Each log has to be cut into a forty inch spoke and then cut in
14 half and then that half cut in half, which is called a quarter saw. You cut across the grain
15 so your liquid does not come out of the barrel. It's a good opportunity for us to add value
16 to some of the white oak we have. I know you've been behind log trucks and you'll say I
17 wish that truck would get out of the way. When I get behind one, I look at it and try to
18 think how much money can come out of that truck and how much money that generates
19 to the community that that material is going to go to.

20 MR. OWEN: How much of our stand is on private property versus
21 state or federal property and what is the availability of the white oak that is on state or
22 other public lands?

23 MR. GREEN: Most of our timber sales are privately owned land.
24 State forests, very little timber sales come from state or national forest land.

25 MR. OWEN: How long does it take to get a white oak to that 15
26 inch diameter, or how many years?

27 MR. GREEN: Probably 50 to 80 years depending on the growing
28 sites. Most people say that's a long time, but most of us have a back forty of timber
29 growing someplace, your neighbor has one or your neighbor's neighbor has one and then
30 next thing you know, you have a whole standing forest of privately owned material to
31 develop in the market place. I have some information in the handout that includes some
32 resource information of that type, but we have plenty of white oak available for this
33 product and any other potential product.

34 MR. STALLARD: You keep mentioning white oak, would a red oak
35 work, or does it have to be just the white oak?

36 MR. GREEN: Just white oak, because red oak has a totally different
37 makeup in it's wood structure and it's very porous. If you take a piece of red oak and
38 look at the end, you can see very open pores. The white oak has what's called tiloses and
39 it plugs up the pores and the wood so that the liquid cannot come flowing out. The value
40 of the white oak is that the wood flavors the grape juice as it ferments and makes the
41 wine and that's what the wine makers are very much interested in. What kind of flavor
42 the particular wood will give. In talking to some of the wine makers in Spain, they like
43 Virginia and they don't particularly like some of the other ones. One of the wine makers

1 told me that white oak from Pennsylvania gives a very perfumy flavor to his wine and he
2 doesn't like it. He says you can smell it and I did pick up a couple of stave wood and I
3 could smell sweet, almost cinnamon-type of smell. He didn't like it.

4 DELEGATE JOHNSON: Are there other questions? If not, thank
5 you sir. Next is Virginia Tech Department of Forestry, Enhanced Facilities at the
6 Reynolds Homestead, Dr. Harold Burkhart for the Department of Forestry, Virginia Tech.

7 DR. BURKHART: Thank you, Mr. Chairman. My name is Harold
8 Burkhart, head of the Department of Forestry at Virginia Tech. I'll give you a brief
9 summary of this particular proposal and then respond to any questions that you might
10 have. The Departments of Forestry and Horticulture at Virginia Tech have been working
11 together to develop new crops and new plant crops and everything from timber trees to
12 ornamental plants that might be used to diversify the economy of Southwest and
13 Southside Virginia. This particular effort consists of multiple facilities, not only
14 laboratories on the campus but a lot of the basic research where the more molecular level
15 work goes on, but also there's a nutritional cultural lab that we're establishing at the
16 Institute in Danville. This is where some of these new plants would be propagated with
17 development of mass propagation techniques. The final step has to do with field-testing,
18 and that would occur at the Reynolds Homestead, which is about an hour from Danville.
19 We're planning to put all of these facilities together from the standpoint of developing the
20 new material and propagating it and then developing the new management techniques for
21 the deployment to growers.

22 In terms of this particular project, it's for capital improvements at the Reynolds
23 Homestead. We've been operating at the Reynolds Homestead since 1969 and we have a
24 number of facilities there, but some new facilities are needed to realize this particular set
25 of goals and objectives. In particular, a new research level greenhouse and one that has a
26 retractable roof, roll up curtains and that type of thing. Then a plant production facility
27 with coolers and finally a backup power generation system for the Reynolds Homestead.
28 If we lose power, which does happen fairly often, then we stand to lose large amounts of
29 material and research and investment.

30 You'll notice with regard to the schedule, we're proposing to start this
31 construction project this January. And in terms of the Commission funds, the proposal is
32 for the new research greenhouse, we estimate that to cost \$100,000, the plant facility
33 around \$40,000 and to back up the entire operation at the Homestead \$133,000. We are
34 planning, in terms of matching support, money that we're using to refurbish an existing
35 greenhouse to bring it up to speed and that is \$30,000 we've invested so far. We've set
36 aside money for equipment to the tune of \$77,000 and then we're going to provide in
37 kind contributions with regard to personnel. That's a quick summary, do you have any
38 questions?

39 DELEGATE JOHNSON: Any questions? Thank you, sir.

40 MR. BURKHART: Thank you.

41 DELEGATE JOHNSON: Next is the Virginia Tech College of
42 Agriculture and Life Services and the VBI, Innovation Center for Biotechnology-based
43 Economic Development at the Institute for Advanced Learning and Research.

1 \$1,030,000.

2 DR. NOWAK: Since there's nobody else, my name is Jerzy Nowak
3 again, and I'm sorry to speak my English with a Polish accent, so you can easily record
4 me now and I've been part of the program development. This request, I have not seen the
5 letter of intent, this is coming from the College of Agriculture and Science and it's led by
6 our department head by Dean Quesenberry and Craig Nessler and he is the associated
7 dean for research. This is seed funding for a much larger fundamental undertaking to
8 diversify the economy of Southside and Southwest based on biotechnology. That does
9 not mean transforming crops and producing new transformed crops, but it means utilizing
10 the techniques of biotechnology to convert the existing resources, all the waste materials
11 and the residues and new products which would be derived from other products, which
12 would generate some waste into the fractionated products of high-volume. This is more
13 or less the approach all across the world that people are looking into new opportunities to
14 generate residue of waste from traditional crops for planting completely new crops,
15 which are even now considered weeds, and to process them into the high-value
16 pharmaceutical. We have a very health-conscious society now, and some food additives
17 and also to new construction and building materials. I came back from Canada last week,
18 and they are utilizing the soybean stands left over after harvest, which is some very
19 sturdy construction materials, as well as materials coming from factories and agriculture,
20 converting them into a variety of materials. Just to summarize, I know our dean has done
21 a lot of lobbying for other sources of funding to multiply and leverage this potential
22 funding to develop a world class innovation center at IALR. If there's any questions you
23 have and I'll try to answer them.

24 DELEGATE JOHNSON: What are the other sources of funding?

25 DR. NOWAK: Dr. Quesenberry visited, I know she went to
26 Washington, D.C. and started the negotiation process. The proposal was being developed
27 for the Kellogg Foundation and it will also be targeting NSF and creating an NSF center
28 for innovation. As you know, NSF occasionally and –

29 DELEGATE JOHNSON: 840,000 for expendables and supplies.

30 DR. NOWAK: I cannot answer this question, sir, I have not seen the
31 submission.

32 DELEGATE JOHNSON: Are there any other questions? All right,
33 thank you. Next we have the Virginia Nursery Landscape Association, Virginia
34 Ornamental Plant Evaluation and Introduction Program, \$270,000.

35 DR. EATON: Good afternoon, my name is Greg Eaton, I'm a
36 nursery and landscaping extension specialist with the Department of Horticulture at
37 Virginia Tech. I've worked for the past three years with the VNLA as their educational
38 advisor. I was very helpful in composing the pre-application. The application is
39 submitted by the Virginia Nursery Landscaping Association, they've had very little
40 experience with writing a grant proposal, so I lended them my support that way.

41 I'd like to briefly outline what I think are the compelling interests and benefits
42 of the proposal and then I'd like to introduce Fred Duis, and he's the owner of Duis
43 Nursery in Bedford and he's Chairman of the VNLA research committee and with that

1 Association and has been actively involved in the plant introduction program for a
2 number of years. If there are some background questions about the program specifics, I
3 think Fred would be very helpful in addressing those.

4 As you're probably aware, the green industry, and that is the nursery
5 production, the greenhouse production and landscape contracting industries in Virginia is
6 a true growth industry in agriculture in the state. Folks in the green industry feel that this
7 is perhaps one saving grace of agriculture in the future. Recent economic analyses from
8 Virginia Tech suggest that the direct impacts of the green industry are worth better than
9 \$2 billion. The induced impacts have trickled down through the economy are worth at
10 least an additional half billion dollars. A lot of the economic activity is generated in
11 Virginia and in other states through the introduction, promotion and sale and planting of
12 new and exciting ornamental plants. A catch phrase in the industry is what is new is hot
13 and probably from your own experience, if you have any experience in ornamental
14 gardening whatsoever, you're struck by the advertisements and availability in stores
15 where you purchase material and things like that, new and exciting plants. It's largely
16 regarded in the industry as what drives this industry. In fact, the top six or among the top
17 six or eight nursery producing states in the U.S., and probably seven of those eight states
18 would have rigorous and viable and effective plant introduction and marketing
19 campaigns. Plants that were developed within their state are marketed as being North
20 Carolina's plants or Ohio's favorite plants. The consumers in these states are aware of
21 these and are targeted for the promotion and sales of these plants. Virginia is number 20
22 or about number 20 in the United States, but the difference between 20 in nursery
23 production and number 12 or 9 or 10 is a very small percentage of growth in sales. In
24 fact, the ranking of these states switch back and forth constantly from year to year
25 according to the USDA statistics.

26 We are confident that the ability to coordinate and to generate a plant
27 introduction and promotion campaign in the state of Virginia will be able to drive what is
28 already a very vigorous and growth industry in the state even higher and perhaps move us
29 up in ranking to number 9 or 10 or 8 or something like that. We do have some
30 competitive disadvantages to say Florida or California, because we're not going to take
31 them over anytime soon, but we can move up easily six or eight places.

32 The particular and compelling aspect of this proposal, we think is the
33 applicability of this program to economic development efforts in Southside and
34 Southwest Virginia. That's where agriculture experts who are not familiar or accustomed
35 to green industry practices, green industry services, might be allowed some benefit of this
36 growth industry in the state. We think this program dovetails very nicely with Virginia
37 Tech's efforts in Southside and Southwest Virginia that are ongoing and plans for the
38 future through the Institute for Advanced Learning and Research and through our efforts
39 in Southwest Virginia in Washington County. I hope I have spelled out pretty clearly
40 where we think the compelling background justification for the project is, and also where
41 we think the promise of the future of this project is.

42 If you'd like to address the technical details to me, I'd be happy to answer
43 those. If you have questions about the background and the promise of this to Fred Duis, I

1 think he'd be able to answer those.

2 DELEGATE JOHNSON: Would you explain what educational and
3 outreach programs will be developed to prepare new entries in the ornamental liner
4 production industry, what does that mean?

5 DR. EATON: Most of this proposal as it stands here, presented to
6 you now, is related to the establishment of evaluation sites where we can do testing and
7 research on these new ornamental plants in development to find out which ones really are
8 perfect for Virginia landscapes, perfect for production in the state of Virginia, and also
9 have ornamental merit and marketing merit for promotion. At the same time, we hope to
10 establish these sites in areas and sites in Southside and Southwest Virginia particularly
11 that are highly visible. That's because the community would be involved, not only in the
12 research on these plants and the development of these plants, but they're also involved in
13 the generation of excitement of what the nursery and landscape industry could mean to
14 the local community. In regard to outreach and education materials, the sites themselves
15 could serve as the focus of community efforts and industry efforts and Virginia Tech
16 education efforts to inform the local community about the economic impact, the practices
17 involved in the green industry products and services.

18 DELEGATE JOHNSON: There's nothing tangible we could get for
19 270,000?

20 DR. EATON: You can get some very highly visible sites in the
21 community that are staffed by community volunteers. There are promotional and
22 education materials that could come from this from propagation, nursery production,
23 retail sales, things like that. These are all very tangible benefits, educational benefits and
24 promotional benefits. Many of the community impact benefits that we might achieve in a
25 couple of years are relatively hard to quantify, that's true and it takes quite a while to
26 generate new industry partners or new industry startups in areas that traditionally had not
27 had very much of that in the past. I do not anticipate a great deal of brand new income
28 through nursery production, for example, within the two years that this proposal covers.

29 DELEGATE JOHNSON: Thank you, sir. Are there any other
30 questions?

31 MR. DUIS: Sir, my name is Fred Duis and I'm from Bedford and I
32 appreciate the opportunity to be here. I wanted to add one thing to what Dr. Eaton just
33 said and to answer to your question. The tangible fruits of the evaluation sites would be
34 the value of the product that is developed there. We cannot get the production sector of
35 the Virginia Nursery and Landscape Association, Saunders Brothers or Lancaster Farms
36 to buy into the program unless the lands are deemed to be hardy, safe to grow in Virginia,
37 perform well in Virginia. We cannot in good conscience as producers and those other
38 businesses that are mentioned, in good conscience sell a product that we don't have
39 confidence in. The purpose of the evaluation sites is to spread them across Virginia from
40 Tidewater to Northern Virginia, from Southwestern Virginia and South Central Virginia,
41 so we can test these plants in the varying climates and meteorological conditions that we
42 have in the state from high humidity, from hot temperatures to cooler or lower humidity
43 situations in the mountains. The purpose of this is to establish in a three or four year

1 period of time the testing protocols that it will take to get azaleas, the star roses, and the
2 proven winners and products that are familiar to you under the name of Virginia Choice
3 or perhaps one that we will choose later. As agriculturalists and I assume you all are
4 agriculturalists, you must have confidence in your product and it has to be one that you
5 can believe in. This entire exercise is about establishing that confidence in products.

6 One thing that's encouraging to me about this exercise is that we are seeing
7 Virginia Tech with its intellectual capabilities going forward. The Virginia Nursery and
8 Landscape Association with its productive and distributional capabilities and Louis
9 Ginter Botanical Garden with their tremendous plant collections and their ability to
10 receive plants from all over the world through their relationship with other botanical
11 gardens, growers worldwide. This is a tremendous opportunity for us as growers and
12 retailers. I think this will support and enhance an already strong industry.

13 MR. BRYANT: Do you have any research sites?

14 MR. DUIS: In Southside Virginia, we'd want one in Bedford
15 County, on the Clayter farm in Lynchburg County, I mean Lynchburg College. At
16 present, we have gotten permission from Lynchburg College to establish the site once it
17 could be funded. We would want one at the Reynolds Homestead. There are already
18 evaluation sites that could be used in Tidewater at the Hampton Roads Research Center,
19 the Louis Ginter Botanical Gardens in Richmond and in Northern Virginia I don't know
20 the particular site, Dr. Nowak can tell you that. We'd also want one in Southwest
21 Virginia to let us know more about how plants react in that particular climate. Certainly,
22 we want to establish in areas that are spread out, but also in areas that could benefit from
23 the introduction of this intellectual and financial capital. Thank you.

24 DELEGATE JOHNSON: Next is Virginia Tech Geography
25 Department, Geoclimatological Classification of Viticulture Potential in Southside
26 Virginia, \$79,391.

27 MR. WOLF: Lady and gentlemen, thank you, Mr. Chairman for the
28 opportunity to present this particular proposal today. My name is Tony Wolf, I'm a
29 professor of Viticulture with Virginia Tech's College of Agriculture and Life Sciences.
30 I'm joined today by my colleague John Boyer with the Department of Geography and
31 he's a co-author of this proposal. To put the proposal in it's perspective, if we go back
32 ten years with the Virginia wine and grape industry, we had a little over 40 wineries in the
33 state with about 1500 acres of grapes. Today, we're over 80 wineries in the state and
34 somewhat over 2300 acres of grapes. The industry's in expansion and I see no reason
35 why the industry will not continue to expand. As many of you are aware, that industry
36 has been focused in central Virginia in terms of acreage and the number of wineries. The
37 Charlottesville area north into Northern Virginia, although we do have wineries in
38 Southside Virginia and we have also wineries in the far southwest of Virginia and the
39 Eastern Shore.

40 What we really lack in Southside Virginia is a clear understanding of what
41 varieties should be grown there and what variety of grapes and specifically where those
42 varieties should and should not be grown. The proposal in front of you is basically a road
43 map or a proposed road map of where we go and what grapes are grown in this area. We

1 have a track record in this area, we being Mr. Boyer and myself, in that starting in the late
2 90s, we did put together a geographical information system based approach to vineyard
3 site suitabilities. The basis for that mapping was based on experience and research done
4 in central Virginia.

5 One of the things that has occurred since the late 1990s is the introduction of
6 additional digitized data and climatological and soils based data as well as the digital
7 elevation data that will be used in this type of program. What we lacked in the late 90s
8 has become available now, and we can incorporate that into a similar type of analysis,
9 specifically for the Southside Virginia region. This is not work that is necessarily unique
10 to what is going on in Virginia and Virginia's industry. I would call your attention to this
11 particular meeting of your group is coincidental with a three day meeting that I've co-
12 chaired meeting here at the Hotel Roanoke, which is exploring the environment in which
13 we grow grapes, including soils and the climate. Two of the papers that have been
14 presented today include by way of title, Use of Local Climate Databases to Predict Grape
15 Ripening Suitability and Vineyard Sites, and this is work that's been done in Oregon.
16 Another paper presented at 2:20 this afternoon is Vineyard Site Assessment Model for
17 Southwestern Pennsylvania. Another paper will presented at 2:30 this afternoon. Other
18 states are doing the same type of work and in many respects, I think that Mr. Boyer and I
19 have led the way at least in the eastern U.S. with developing this type of information.
20 Why would we want to do this type of work in Southside Virginia? And that's because
21 the industry is expanding. One of our biggest wineries in Virginia has publicly stated
22 they want to grow at least another 100 acres of grapes by their independent grape
23 growers. They're favoring Southside Virginia for natural reasons. One of the reasons is
24 the vineyards would be located very close to them. What grapes should they grow and
25 where should they grow them, they've got a good understanding of which variety, but
26 still some questions about where to go the grapes.

27 We're addressing the question about varieties by an introduction of variety
28 planting in our Southern Piedmont Agricultural Research and Extension Center. That
29 planning commenced in 2001. The project you have in front of you is a part of that
30 picture. We were looking at which varieties to grow and this will address where we grow
31 those varieties. In essence, it's taking digitized data and developing a model that would
32 predict where the grapes would be grown and then validating that model by collecting
33 actual climate data on site and verifying the model and then fine tuning the model. Then
34 we would apply that by developing a tool and a product that uses or that end users can
35 use. The budget is essentially for graduate research assistance, essentially graduate
36 students to do the work. Mr. Boyer would act as the student's primary advisor and I
37 would act as a secondary advisor. The budget is reasonable, at least in our opinion, for a
38 graduate research assistant and basically the materials and supplies to purchase the data
39 logs and anything else. I'll be happy to answer any questions you might have at this
40 point.

41 DELEGATE JOHNSON: Who is responsible for the inaccurate
42 maps that we have now?

43 MR. WOLF: I'll take full responsibility for that.

1 DELEGATE JOHNSON: While those maps are useful, do they
2 remain the most accurate for Northern Virginia to Western Piedmont, which Southwest
3 and Southside Virginia, are not accurately mapped?

4 MR. WOLF: That's correct. We have inaccuracies in some of those
5 maps. The only way we can really rectify that, and let me give you some background.
6 The maps that were developed for Central Virginia, they were fine tuned by doing a five
7 county study on the eastern slopes of the Blue Ridge from Amherst County north to
8 Madison County. That helped us validate the maps that were developed for the central
9 Virginia area before. We just never did that type of work and that type of validations for
10 the southern part of the state and that really does need to be done.

11 DELEGATE JOHNSON: Anyone have any questions?

12 MR. JENKINS: On the back of your proposal, you've got this map
13 of the areas you intend to do, this is the total cost just to do that one area?

14 MR. WOLF: That's correct.

15 MR. JENKINS: If you replicated that study somewhere else, would
16 it be the same rate or are you going to gain from this study that would allow you to do a
17 similar study cheaper somewhere else?

18 MR. WOLF: We feel that the geographical area that is defined in
19 this very specific area is representative of the Piedmont and mountain area, due east of
20 the Blue Ridge Mountains. If we extended the study east of Pittsylvania County, then
21 we'd have to have another defined area because we're into a different geographical and
22 geological area. By the same token, if we went immediately over the Blue Ridge
23 Mountains into Floyd Counties and Grayson Counties to the other areas west to
24 Washington County and it would be a totally different climate there and we would have
25 to evaluate that separately. We can take the information generated from here and John
26 might speak differently about this but I think we can extrapolate safely well up into the
27 realm of the Amherst County area on the east side of the Blue Ridge. I'd feel less
28 comfortable about extrapolating into the west side of the Blue Ridge though.

29 MR. BRYANT: How did you fund the study for Central and
30 Northern Virginia?

31 MR. WOLF: We've gotten funding primarily from the Virginia
32 Wine Growers Advisory Board for the previous work. The previous board. With all due
33 respect to the Commission, I would like to depart because I have a student from North
34 Carolina that is presenting a paper in 3 minutes and I'll duck out and turn it over to John,
35 who will remain here if there are additional questions.

36 DELEGATE JOHNSON: Thank you, sir.

37 MR. PFOHL: Mr. Chairman, one quick point and one quick
38 question, Mr. Boyer contacted me shortly before the July 1st deadline and said they were
39 planning to submit this to the Special Projects Committee and I felt like your Committee
40 was the appropriate one to hear this during the timing of this pre-application process.
41 The fact that this is not on the pre-application form is a reflection of their willingness to
42 put this in front of your Committee on a relatively short notice. That's why we have a
43 little different format. My question for Mr. Boyer would be, in the front of the proposal it

1 says the funding requested for the current year is 79,000, on page six you have the project
2 budget and it shows three years of funding, ranging from 35,000. Would you clarify how
3 much you're asking the Commission for?

4 MR. BOYER: The total is in the ballpark of about 210,000. On the
5 first page, and there was a model on how to write it up for another board. What we're
6 asking for is the first year up front that's where that number comes from. The total is
7 close to 200,000 for the three-year study. The reason I chose this particular study area on
8 the eastern side of the Blue Ridge is that we can interpolate in both directions. Tony said
9 going westward, but this climatic region is kind of unique in that it's sited exactly on the
10 hills so that we can kind of know what's going on in the east but we also have a good feel
11 for what's happening in the west. We're right in the middle so we can kind of go both
12 ways.

13 DELEGATE JOHNSON: Thank you, sir. Next we have Halifax
14 County Agricultural Development Office, Recruitment and Training of Beekeepers for
15 Pollination and Honey Production in Virginia, \$136,000.

16 MS. WALLACE: Good afternoon, we're all abuzz in Halifax with
17 the bees. In a nutshell, this application came about as a result of discussions with Keith
18 Tignor and the Virginia Beekeepers Association. I guess the best way to explain this
19 proposal is that we encourage tobacco producers in our region to diversify their crops.
20 Many of them are turning small fruit production, vegetable production. Honeybees, by
21 far, are the best pollinator of these crops. There's data that supports increased production
22 as a result of honeybee pollination.

23
24 NOTE: AT THIS POINT COMMISSIONER COURTER IS PRESENT VIA
25 TELEPHONE: WHEREUPON THE MEETING CONTINUES VIS:

26
27 DELEGATE JOHNSON: We're on the birds and the bees, Halifax
28 County Beekeepers.

29 COMMISSIONER COURTER: Mr. Chairman, I apologize, I'm
30 here with the Dairyman's Association and I need to interact with them and I'm joining
31 you when I can.

32 DELEGATE JOHNSON: Surely. Can you hear us?

33 COMMISSIONER COURTER: I can right now. I can hear the
34 Chairman.

35 MS. WALLACE: Can you hear me, Mr. Courter?

36 COMMISSIONER COURTER: Yes.

37 MS. WALLACE: As I was saying, we have encouraged the
38 producers in our region to diversify their crops. Honeybees are significant. In the last
39 several years, all of Virginia has experienced devastating losses in honeybee production.
40 Not only are they fighting the beetles that have come into the region and it's wreaking
41 havoc on the hives and also there's a lot of problems with bears and the predators destroy
42 hives and things. Beekeepers see this as a significant threat to crop pollination in the
43 region. They're requesting funding for the establishment of some new beekeepers in the

1 region. The proposal calls for providing 250 beginner beekeeper kits.

2 DELEGATE JOHNSON: How do you recruit beekeepers?

3 MS. WALLACE: I can speak for the Beekeeper Association in
4 Halifax County, I think Mr. West could probably confirm this, much like a lot of
5 agricultural demographics, most of the beekeepers are 60 and over, would you agree with
6 that?

7 MR. WEST: Yes.

8 MS. WALLACE: Very few young people are coming into this and I
9 think it's a lack of exposure, they plan on approaching some of the 4-H groups and some
10 of the other high schools and recruiting beekeepers that way as well as average citizens.
11 We've got to get these beekeepers in our regions.

12 DELEGATE JOHNSON: Where would the bees be purchased for
13 the bee hives? When you recruit the beekeeper, where do they get the bees?

14 MS. WALLACE: The Virginia Beekeepers Association would
15 purchase these bees. A lot of the bees come from Carolina and Georgia as I understand it.
16 I am not a bee expert.

17 DELEGATE JOHNSON: I'm impressed with this but I find it hard
18 to understand how you recruit beekeepers.

19 MS. WALLACE: They think they can. We have several beekeepers
20 in Halifax whose grandchildren are interested. If we can get younger people to keep
21 these hives, probably would be a lifelong hobby. Halifax Beekeepers Association has
22 been doing this for 30 or 40 years. It's kind of like a lack of interest or lack of exposure
23 among the younger generation and the beekeepers have an aggressive campaign in mind
24 to recruit beekeepers. Another thing they'd like to utilize the funding for is for a queen
25 bee program, Mr. Fields, I hope you can help me with this. Apparently, you purchase the
26 queen bees and you bring them here, you can only have like one queen in a hive.

27 DELEGATE JOHNSON: You may have two if they get into a
28 hassle and only one is left, but part of them leave.

29 MS. WALLACE: Exactly. They want money to start these
30 programs and supply a queen bee to the hives. Apparently that's an issue with the
31 beehives.

32 DELEGATE JOHNSON: The bees swarm?

33 MS. WALLACE: Yes.

34 DELEGATE JOHNSON: You've got a request here for 136,000 and
35 it's 250 beginner kits. What are you purchasing?

36 MS. WALLACE: The hives, the netting, and all the equipment
37 needed to handle the bees and that sort of thing, a smoker. Basic equipment.

38 MR. FIELDS: The bales.

39 MS. WALLACE: It's kind of complicated and it's fascinating and
40 I'm not a beekeeper by a long shot, but I think the program has merit. We have a number
41 of large vegetable producers in Halifax County at present who utilize bees and
42 beekeepers provide the hives to the farmers for, as long as the beekeeper can go back and
43 harvest the honey. You probably do some of that in Southwest as well.

1 DELEGATE JOHNSON: How about meeting room rentals, \$5000?
2 That's kind of high, isn't it?

3 MS. WALLACE: Yes, I would agree with that. I think this budget
4 could probably be scaled back a little bit. This came from Keith Tignor with the Virginia
5 Department of Agriculture.

6 DELEGATE JOHNSON: I would agree with this project.

7 MS. WALLACE: If we expect farmers to diversify, they cannot,
8 they're going to need this if their production is to increase.

9 DELEGATE JOHNSON: What kind of honey does the tobacco
10 blooms make?

11 MS. WALLACE: Mr. Bryant might tell you, he doesn't see a bloom
12 in that field.

13 DELEGATE JOHNSON: Are there any questions?

14 MS. WALLACE: The only thing I would like to add is, emphasize
15 to the beekeepers that any funding that this Committee may provide must be utilized in
16 the tobacco dependent communities. They had some concern about counties up in the
17 Valley with the orchards, and I told them that the money will only be spent in the tobacco
18 dependent communities.

19 DELEGATE JOHNSON: Thank you. Next is Halifax County
20 Agricultural Development Office, Southside Value-Added Beef Initiative: Expansion of
21 the Pilot Project 2003, \$850,000.

22 MS. WALLACE: From bees to beef. I was before you all in May,
23 the Southside Value-Added Beef Initiative that you funded last year in the amount of
24 \$500,000. That project has been implemented as I shared with you in May, I did do a
25 quick economic analysis of the program to date and that's being distributed to you. We
26 feel the project has been very effective in the region, and it's difficult to give you some
27 hard core economic revenues at this point. I told you in May that the genetics that we
28 purchased, those calves are not around yet. It's hard to tell you about increased revenue.
29 It's another six months before those calves are on the ground and another six to eight
30 months before those calves reach market. This is a project that the Tobacco Commission
31 funded. The Halifax County Agriculture Marketing Center is handling some of the
32 value-added marketing that's a result of the Southside Value-Added Beef Initiative
33 Program. At our most recent sale, our producers marketed through the Virginia Quality
34 Assured program, averaged about \$5.00 per hundred weight better on their cattle than
35 like cattle sold in Lynchburg on the same day. By improving genetics and improving
36 cattle handling facilities, these gentlemen were able to realize \$25 to \$30 per head
37 premium on their cattle that day, as opposed to selling in Lynchburg. We're proposing
38 that we expand the county project into additional counties within Southside. We
39 undertook it as a pilot project, and I think we have done a good job with the pilot project
40 and I think we can demonstrate economic returns and certainly some projections of
41 economic returns. To continue in this vein, I think we need to expand, I would suggest
42 expanding the project into additional counties.

43 DELEGATE JOHNSON: I see the funding was approved for 114, a

1 total of three counties, but implemented to date, 87 of those. Why?

2 MS. WALLACE: We gave them 90 days to approve or implement
3 their project from the date of approval. Some of the projects were not approved until the
4 end of May, so these gentlemen still have adequate time. As I was sharing with Mr.
5 Bryant earlier, forage components due to the timing of the availability of funding, the
6 forage components could not be implemented in the summer. Any of you know, you're
7 not going to go out and see forages in June, July, because you're wasting your money.
8 Those seven gentlemen were given extensions and using common sense. I'd rather allow
9 them to wait until October than to see them waste their money just because it's an
10 arbitrary timeline that we put on them. We made extensions for those seven individuals.
11 Most of the applicants in this program are also tobacco producers. I've had several calls
12 saying that they really wanted to get this going, but I've got 80 acres of tobacco to get in.
13 I didn't feel I could pressure them to set aside the tobacco crop to build a weaning pen so
14 I granted several extensions on that. Since this report was prepared, we have approved
15 and allocated and distributed funding for an additional 9 last month, first of July. So
16 we're over half done, or 80% done.

17 DELEGATE JOHNSON: Any questions?

18 MR. OWEN: You mentioned expanding the counties, or in the
19 summary that was submitted, you wanted to pick up people in these counties that had
20 applied but not been able to do it.

21 MS. WALLACE: I would like additional funding, the only county
22 we were unable to fund applicants in was Pittsylvania County. Unfortunately, there were
23 about 59 applicants in Pittsylvania County who did not receive funding simply because
24 we exhausted available funds. The gentlemen completed their VQA training and they did
25 everything we asked them to do as far as the eligibility standpoint but we simply didn't
26 have the funding to fund their practices. Certainly if we expand the project, I'd hate to
27 see you totally ignore the three pilot counties. I think in Halifax and Mecklenburg there
28 would be very few additional applicants in those counties. We might get four or five
29 from each one, but there's a significant number of people in Pittsylvania that did not get
30 funded and that was difficult to tell those people that we were out of money. I would
31 request additional funding to assist any additional producers in the initial three pilot
32 project counties that did not receive funding.

33 MR. BRYANT: How would you determine the additional counties?

34 MS. WALLACE: In selecting the additional counties, the screening
35 committee, and that's comprised of a group of extension agents in the region and myself,
36 we took a hard look at cattle numbers and tobacco quota. You cannot ignore that
37 Brunswick, Charlotte, Lunenburg or your next big three tobacco counties, I believe, in
38 that order, I think. We strive to choose counties that were contiguous and we thought it
39 would be easier administratively, and that's basically how we did it. We also considered
40 cow numbers that's how Bedford got in there. Bedford had about 25,000 head of cattle
41 according to the agriculture statistics.

42 MR. BRYANT: You looked strongly at tobacco dependency?

43 MS. WALLACE: Yes, very much so.

1 DELEGATE JOHNSON: Next we have the Southwest Virginia
2 Farmers Market, Market Sales Expansion, \$450,000.

3 MS. MARRAH: Good afternoon, my name is Brenda Marrah I'm
4 with Carroll County and I'm very pleased to be here with Kevin Semones, the project
5 leader and the Southwest Virginia Farmers' Market Manager. I would like to have an
6 opportunity to give you a very brief overview of this document and this simplistic project
7 and proposal. I'll probably defer your questions to Mr. Semones, because he has more
8 experience as far as the market. We're asking for a very traditional approach for the
9 building and grounds expansion to the Southwest Farmers' Market. This is a large
10 market operation located off of Exit 14, go right on Exit 14 off of I-77 and it's
11 approximately sixteen acres of land. It comprises wholesale and direct sales outlets. The
12 wholesale operation has sales annually approaching \$20 million dollars. It's a shipping
13 point for farmers. The retail sales operation is a large building on approximately six
14 acres of land owned by Carroll County. And that building is at near capacity. It provides
15 an opportunity for farmers to do their sales directly to the public and it is an excellent
16 location. Carroll County would like to seek to promote and enhance the sales in this area.
17 We would like to do a 60% addition to that building. We have several log home
18 manufacturers that are interested in putting a model log home on the grounds, which
19 we're hoping will not only promote their sales, but operate as a tourist information center
20 and to attract and promote sales to for the farmers' market. We're seeking money for
21 building the additions and for parking and paving because we anticipate immediate
22 increased sales and we need facilities for buses to be able to come through. The farmers'
23 market sales operation has a very proven track record and it does approximately a million
24 dollars in sales annually. What we're asking for is to help build economic growth and
25 development and immediately convert into very real jobs. It's going to convert into at
26 least three quarters of a million dollars worth of sales annually for Virginia growers.
27 There's approximately 180 growers to date that have used this at some point of this
28 market. I thank you very much for the opportunity to present this.

29 MR. BRYANT: Who owns it?

30 MR. SEMONES: It's a combination of two things, the wholesale
31 portion of the market is owned by the state of Virginia and where the expansion would be
32 completed on is owned by the County of Carroll. Originally when the market was being
33 built by the state of Virginia, they chose to do only wholesale shipping point facilities.
34 This area is also used for small wholesale. Basically, the county decided that it was a
35 pretty good retail market there and chose to go ahead with the federal grant funding and
36 build a portion of the direct sales building that is there now.

37 MR. MAYHEW: She said it was near capacity, when do you
38 anticipate if there were no additions made, you'd start losing potential business because
39 of the lack of expansion?

40 MR. SEMONES: I've got one space left in the retail building and it
41 could have been taken and we're having something this weekend and I was kind of
42 saving it, but I could rent it today, actually.

43 MR. MAYHEW: How many years has it been in operation?

1 MR. SEMONES: The retail portion has been there in a different
2 building since '92, but the building it's in now would be '95. It's partly an open-air shed
3 and I think you've seen those throughout parts of the South. It worked well for us and
4 we enclosed the facility in '95. It's proven to do real well. We're right there by I-77.
5 We're hoping that the log homes and tourist information will boost sales. We're hoping
6 that will bring in more traffic off the interstate. We've had some trouble getting the right
7 kind of advertising, but the count the last time I heard was at about 50,000 cars go past
8 that point each day.

9 MR. MAYHEW: What radius do you reach with your produce?

10 MR. SEMONES: Producers using the market all the way from Scott
11 County west and maybe Patrick County coming east. There's probably some a little
12 further than that, but that's the range, Patrick, Scott, in that general area.

13 DELEGATE JOHNSON: Did you seek an amendment from the
14 state that this request be funded by the state?

15 MR. SEMONES: We have on the opposite side of the market, the
16 wholesale side. That's the portion that the state owns. The retail side, the county owns it,
17 but no we haven't on that side.

18 DELEGATE JOHNSON: If it's added to it, it would be the
19 Commonwealth of Virginia or Carroll County?

20 MR. SEMONES: Carroll County.

21 DELEGATE JOHNSON: The log homes, would the company that
22 owns that, would they advertise homes for sale, is that the purpose of getting them?

23 MR. SEMONES: That's part of the theory. And it's a two-edged
24 sword. One of the things we're looking at is using that as a tourist information center to
25 attract more people, that's the point we're interested in. The opposite side is that we're
26 right there on the other side of the interstate and we thought it would attract more people
27 into buying log homes. They seem to be big in the area.

28 MS. MARRAH: We're also hoping to promote a local crafts and art
29 people. We have a neighboring restaurant right there at the interstate and there's a large
30 volume of arts and crafts, or at least we're hoping to attract it. It's felt that the local arts
31 and crafts could be a benefit to this particular area and concentrating on wood products.

32 DELEGATE JOHNSON: The fruit behind us here in the basket, is
33 that grown in Carroll?

34 MR. SEMONES: Yes.

35 DELEGATE JOHNSON: You refrigerated it?

36 MR. SEMONES: Yes, sir.

37 DELEGATE JOHNSON: What's the capacity of your refrigeration
38 unit?

39 MR. SEMONES: We have 17 coolers on the wholesale side of the
40 market and sized from 8 by 12 to the big, the big ones are 30 by 40, I think.

41 DELEGATE JOHNSON: I was there that they dedicated the
42 facility. Is it growing or do you remain about the same size so far as employees?

43 MR. SEMONES: That varies during the different times of the year.

1 Even though we operate year-round, the large part of our business is done in the summer
2 months. Over time, it's probably been up. Counting everything I'd say maybe around
3 50.

4 DELEGATE JOHNSON: It has exceeded expectations?

5 MR. SEMONES: I hope so.

6 DELEGATE JOHNSON: Are there any other questions?

7 COMMISSIONER COURTER: Mr. Chairman, I've got to leave
8 and I'll call you back as soon as I can.

9 DELEGATE JOHNSON: All right, thank you. Next is the Scott
10 County Hair Sheep Association, Expanding Hair Sheep Education, Production and
11 Marketing, \$51,900.

12 MS. MEWBOURNE: My name is Martha Mewbourne and I'm a
13 livestock producer from Nickelsville, Virginia. Mr. Chairman and Commissioners, I
14 would like to say thank you for the grant we received the spring before last. We took
15 your \$13,000 and we put seventy to seventy-five thousand directly into the pockets of
16 farmers in Scott County and the surrounding counties. So, I think that's been a pretty
17 good investment and we're tickled to death with it. We've done that through selling
18 breeding stock and this year we've had a sale of breeding stock and last year our females
19 averaged \$161 per head, and this year they averaged \$241 per head. This year we've put
20 \$35,000 in an hour and a half, back in the local producers' pockets. On the left-hand
21 column it says this was benefit to Scott County, but it really is more than that because we
22 have producers from Russell County and Washington County and Lee County, Virginia.
23 We have an interest from Dickenson County now and we have producers from
24 Washington County, Tennessee as well as Hopkins County in Tennessee and we're
25 getting some producers from other places in Tennessee. We're expanding. We have now
26 about 62 producers who are producing hair sheep, which are actually meat sheep and
27 they're sold only for their meat and that's going into the local market. The sale of
28 breeding stock has been good as well as the sale of market lamb.

29 We have a unique opportunity with our partnership with Food City to put
30 \$400,000 into our farmers' pockets and maybe more. If we get up to the 10,000 head,
31 that's over a million dollars a year. The May 2004 cover of the Culinary American
32 magazine features lamb in the limelight. And this is the kind of thing we're seeing in all
33 of the high-end magazines, whether it's Bon Appetit or Gourmet, the word is getting
34 around. The market for lamb right now is wonderful. We're working to increase
35 production capabilities as well as consumer demand. We purchased educational materials
36 and held teaching demonstrations and there have been featured presentations on cooking
37 and preserving lamb. So, again, we appreciate the support we've had from you, and
38 certainly welcome your support in the future. I also brought everybody a cookbook that
39 our group put together on how to cook lamb. If somebody in your household, and we
40 hope everybody in your household loves lamb, if you're not used to cooking it you can
41 use that and take it home. We haven't asked for a whole lot of money, but I'll go through
42 some of the things that we're interested. We're interested in some production things.
43 Last year we used some of your money for pens for the sheep and they're used at

1 educational demonstrations that we've had. Unfortunately, the price of steel has about
2 doubled this year, so we'll have to bear that. We ask for some fax machines just to
3 communicate better with our farmers. We hope to slaughter 25 to 50 sheep every other
4 week.

5 We'd like to investigate the possibility of a slaughterhouse that would be
6 dedicated to small remnants in our area. We're using two USDA facilities right now and
7 they can only feed so many into what is their regular business. We need some
8 educational cameras for educational purposes, we do a lot of our own farmer education
9 and a portable sound system. We're getting more and more people interested. We'd like
10 to display some materials for people to use at the grocery stores and places where we're
11 displaying the lamb. We'd like you to help us with website design and production to sell
12 more of these cookbooks. I certainly would entertain and welcome any questions and
13 thank you, again, for your support.

14 DELEGATE JOHNSON: Any questions? I have two letters that
15 were faxed to me. One is from Lewis Taylor, Director of Meat Operations of Food City,
16 we're writing you this letter in support of Scott County Hair Sheep Association. We at
17 Food City are very strong supporters of the communities that we do business with as
18 Food City Stores. We have been working with the Scott County Hair Sheep Association
19 for several months in supporting their program. We think it's a great opportunity in Scott
20 and surrounding counties for local farmers to raise and sell hair sheep. We operate 88
21 Food City supermarkets in the Kentucky, Virginia and Tennessee area. In the short time
22 that we have been working with the Association, we have begun to build a good return
23 business on fresh lamb that we have been able to get from the Association. We will
24 continue to support the Association's program as we feel we can retail 4,000 plus lambs
25 annually. Any consideration for the grant for the Scott County Hair Sheep Association
26 would be greatly appreciated by all concerned.

27 Another letter from the Kingsport Times, I am writing this letter in support of
28 the grant application for the Scott County Hair Sheep Association. As a business, we are
29 exclusively dependent upon the economic viability of this region. We believe the
30 initiative undertaken by the Scott County Hair Sheep Association represents a good
31 potential replacement of income for some of our lost tobacco revenues. In support of
32 this, the Kingsport Times-News has offered to help underwrite marketing costs for Food
33 City as they introduce the Association products for our regional audiences. The Times-
34 News has offered a 26-week program of ads, free of charge to Food City at a retail cost of
35 approximately \$10,500. The Times-News believes that the Scott County Hair Sheep
36 Association program will pay back many times over our original investment and hope
37 you will join us in that investment in supporting the grant application. In talking about
38 education, this is part of it, getting the information out to stores and newspapers.

39 MS. MEWBOURNE: The Times-News has been very, very positive
40 about this and they indicated they are offering help with the advertising. What they hope
41 to do, is that as we get the volume up, they will once a week for 26 weeks feature a lamb
42 product and recipes and Food City will feature it in their meat ads after that.

43 DELEGATE JOHNSON: For those of you that do not live in

1 Southwest Virginia, Food City, Mid-Mountains Food, is one of the big food chains. They
2 sponsored two NASCAR races in Bristol, Tennessee. They're heavy hitters and they're
3 behind it 100%. When they say they'll get rid of 4,000, they mean it.

4 MS. MEWBOURNE: Steve Smith, president of Food City, met with
5 our producers and looked them straight in the eye and said every lamb you've got, we'll
6 buy.

7 MR. OWEN: That was my question. What percentage of your
8 output will they account for?

9 MS. MEWBOURNE: I doubt in my lifetime will I get to where
10 they are getting more than they can sell.

11 MR. OWEN: Are they your only customer?

12 MS. MEWBOURNE: Our goal with this group has been to find the
13 best price for our producers through a variety of marketing opportunities. There are some
14 producers that will never get the 100-pound lambs that Food City wants. We're working
15 on another product right now to take the hearts, kidneys and livers left from the carcass.
16 The nice thing is that Food City buys the whole carcass from us, and we don't have a lot
17 of leftovers. Taking that and the ewes that are no longer productive, perhaps making
18 another product could go to another market. We're trying to find a variety of options for
19 our producers, until they can meet their production style with what we've got. Food City
20 has said to us, we'll take everything you've got and if you get to the next point, we've got
21 plenty of friends in the grocery business and we'll help you sell them.

22 DELEGATE JOHNSON: Any other questions? Thank you.

23 MS. MEWBOURNE: Thank you very much.

24 DELEGATE JOHNSON: Next we have Lee County Board of
25 Supervisors, Lee County Shared-Use Commercial Farm Kitchen Incubator and Value-
26 Added Agricultural Processing Center for the Culinary Arts and Businesses, \$450,000.
27 Anyone here from Lee County?

28 MR. FIELDS: I don't know much about this.

29 DELEGATE JOHNSON: Next is the Washington County, Abingdon
30 Feeder Cattle Association, Southwestern Virginia Beef Cattle Improvement Project,
31 \$765,000. Next is the Washington County Appalachian Sustainable Development,
32 Diversifying and Adding Value to Local Agriculture, \$188,525.

33 MR. PETERSON: Thank you for the opportunity to present this.
34 My name is Tom Peterson and I work with the Appalachian Sustainable Development.
35 I'm the Agriculture Education Coordinator. Thank you for your past support of our
36 efforts. What we're trying to do is create opportunities for local farmers in Southwest
37 Virginia through a number of ways. If you look through the proposal, you'll see that it's
38 quite diverse and it's a carry over in many ways of things we've done in the past and
39 some new ideas to try to increase the education the local growers need to make the
40 transformation from tobacco and other crops into certified organic vegetable production
41 and ways to get the word out to both consumers and the growers of this opportunity. One
42 of the primary objectives is to increase the number of producers in the area growing
43 organic vegetables for these wholesale markets. The market demand for certified organic

1 vegetables far exceeds what our production can produce right now. We're always
2 looking for new growers, people interested in taking the next step and whether they're
3 coming out of tobacco production or going into vegetable production and they can do it
4 from a new perspective. Creating these opportunities and giving them the education they
5 need to grow a successful crop of vegetables for the market.

6 The main reason we've chosen organic vegetables is because it is a growing
7 market nationally and locally in terms of sales and it has a higher premium for the
8 produce. It gives the growers a better return on what they're producing than what they
9 would get from a conventionally grown garden. A new idea we've come up with is this
10 master farmer training program and something we'll be doing with our own resources
11 with the cooperative extension Virginia Tech is to create a very hands-on educational
12 opportunity for growers who have demonstrated a lot of promise and a lot of commitment
13 to this production so they can get all the way from soils up to the insects and up to the
14 disease control and up to the cultural requirements. They get good classroom and field
15 training so they can improve their production capabilities, use their knowledge and
16 experience, spread that knowledge to other growers in the community. We have a very
17 small staff and we work with a lot of growers. I personally go out and visit a dozen to
18 fifteen farmers throughout the area all the way from Lee, Scott, Washington, Russell and
19 Dickenson Counties every week. I'm on the road helping these farmers out and
20 troubleshooting and trying to help them on problems they may have on their farm. We're
21 getting there slowly with these educated farmers but it's a very focused and master
22 garden program, or a master farmer program. Those pockets of experience and educated
23 growers will be able to reach out to these new growers in a much more efficient way.
24 We'll continue to increase the markets we've got for produce. We very much support
25 what Martha is doing. We've got some landowners that have forestland and we're
26 working with them. We've got a wood kiln that's operating right now in Castlewood,
27 Virginia and we'd like to expand that capacity, but we just can't keep up with the wood
28 demand with the capacity they have now. So, they're looking to build another dry kiln in
29 that area.

30 Objective four, which is adding the infrastructure to help all of this work
31 together. There's a facility out in Lee County and it has to do with organic produce, and
32 it's a good facility that's grown immensely with the help of this Commission. It's a good
33 haul for a vegetable grower in Washington County and Russell County to get their
34 vegetables all the way to Lee County, especially if it's the beginning part of the season to
35 drive all the way from an hour and a half drive for some of these people, that's a long
36 way. We'd like to build a couple of small facilities, they could bring their produce to
37 their local community and we can work on the refrigeration capacity. We've got to be
38 much more efficient and think about cost effectiveness as far as like refrigeration units
39 and that sort of thing. We're at the point now where our production capacity we need to
40 think about these refrigeration units. The dry kiln for the wood processing is another part
41 of this. Another part of the infrastructure is basic tools and materials needed for organic
42 production, which are at this point not widely available to the farm supply stores. We
43 have several growers that have greenhouse businesses, one is starting up a worm

1 composting business and others are doing a more traditional aerobic composting work.
2 But there's a need for supplies and that sort of thing and organic fertilizers. Some of
3 these things present good business opportunities for local entrepreneurs. Building those
4 kind of businesses is something we'd like to continue to do. We have a fairly detailed
5 timeline for when some of these activities are going to happen. We're also looking at
6 some funds to help support these efforts from other places. I thank you for your past
7 support and I'll look forward to any future support. Are there any questions?

8 DELEGATE JOHNSON: Are you still shipping to Ukrop's?

9 MR. PETERSON: Yes.

10 DELEGATE JOHNSON: How often?

11 MR. PETERSON: Twice a week to delivery to Ukrop's and three
12 times a week to Food City. We're selling to some markets in North Carolina and Old
13 Food South, which is the main warehouse down in Atlanta. We've also done business
14 with Harris Teeter, which is a large North Carolina-based market chain. We don't have
15 the production to actively follow up on that one yet, though.

16 DELEGATE JOHNSON: I believe Mr. Flaccavento was here during
17 the first meeting of the Commission, he was awarded some money to train farmers. Are
18 they up to master farming and training, how much training do the farmers need to raise
19 tomatoes?

20 MR. PETERSON: You'd be surprised, it's not as easy raising
21 produce for the wholesale market is a different altogether than growing the home garden.
22 The standards of produce quality for the wholesale market are extremely stringent. It
23 can't be too small or too big or bent or too soft. There's a lot of different factors to take
24 into consideration. And what it comes down to in terms of training, it's training growers
25 not only how to produce the produce but it's the level of quality and how to help others
26 around them benefit from their experience and their training.

27 DELEGATE JOHNSON: I think he was one of the first that
28 presented a project to the Tobacco Commission and I think over the years it's been very
29 successful and the money I think has been well spent.

30 MR. PETERSON: We think it has been, too. We try to balance out
31 the need with the availability of funds, trying to get a fair return also.

32 MR. BRYANT: You say you're trying to attract new producers?

33 MR. PETERSON: Yes, very much so.

34 MR. BRYANT: I'd like to know how profitable is the organic
35 farming, because the producer's going to look at how much time he has to invest and how
36 much money he's going to invest and what's his bottom line going to be.

37 MR. PETERSON: No doubt about that.

38 MR. BRYANT: That's what going to attract him or her and I'd like
39 to know what kind of profitability you have in this organic farming.

40 MR. PETERSON: If you're familiar with the vegetable business,
41 the return is going to be matched by the amount of time and energy you put into your
42 crop. It's one thing to plant a crop of tomatoes and another thing to plant out a crop and
43 stay on it and make sure you get the maximum production. The growers have to

1 understand from the beginning, vegetable growing is a risky business and there are no
2 guarantees. Last year we saw that with the wet season, it made it very hard for vegetable
3 growers and even the ones that are very diligent about doing the right thing. It's going to
4 take time and investment on their part but profitability is there when proper care is given
5 to growing of the crop. We worked out some statistics for different crops, and I'll be
6 happy to share that with you although I didn't bring it with me today. We'd be glad to lay
7 it on the table and show you everything that we have. If you grow a half an acre of
8 tomatoes, which you'd be expected to invest your return's based on several factors.

9 DELEGATE JOHNSON: The shipments to Ukrop's is that organic?

10 MR. PETERSON: All the produce coming through Appalachian
11 Harvest is certified organic.

12 DELEGATE JOHNSON: Have you had some returned because it
13 was not good?

14 MR. PETERSON: We have had some produce returned, yes,
15 occasionally.

16 DELEGATE JOHNSON: For what reason?

17 MR. PETERSON: The one most interesting last year was the
18 potatoes and there was a higher percentage that weren't acceptable.

19 DELEGATE JOHNSON: If I grow potatoes and I send them to
20 Ukrop's and you folks grow them and send them to Ukrop's, how much more will your
21 potatoes bring than my potatoes?

22 MR. PETERSON: I don't know what kind of price you worked out
23 with Ukrop's. Our crops with Ukrop's, it was \$20 a bushel for the potatoes.

24 DELEGATE JOHNSON: Your price is higher than my price.

25 MR. PETERSON: What we do for the growers is try to get the
26 highest price possible because every dollar that goes up is more income.

27 DELEGATE JOHNSON: Generally speaking, the organic grown
28 produce brings more than the run of the mill?

29 MR. PETERSON: Yes, generally speaking.

30 DELEGATE JOHNSON: Any other questions? All right, thank you
31 for your time.

32 MR. PETERSON: Thank you.

33 DELEGATE JOHNSON: Next is the Floyd County Board of
34 Supervisors, Chateau Morrisette Retention and Public Water System Plan, \$277,860.
35 Before we start that, sir, why is this not in the special project?

36 MR. PFOHL: Well, I think it had to be a candidate for something
37 and this is where we've started. Jerry Fause, who previously was in the Southwest
38 Grants Administrator position, has had a lot of dialogue with Mr. Nester and some of the
39 folks there. I think there was some conversation about what aspect of the prior system or
40 would it benefit agricultural production or wine production, aspects of the Chateau
41 Morrisette's operation or would it be more benefiting the restaurant and potentially the
42 lodging facilities there. There was probably some unresolved question, what would be
43 the uses that would benefit the water system up there. I'm sure Mr. Nester will talk about

1 that.

2 MR. NESTER: Mr. Chairman, thank you, I firmly believe in the
3 golden rule. If you tell me I need to go to whatever Committee you believe I should go
4 to I'll be there.

5 DELEGATE JOHNSON: No problem sir, it's my opinion this
6 should be with another Committee, what's the feeling of the members of the Committee?

7 MR. NESTER: If you tell me, we'll certainly go to that Committee.

8 DELEGATE JOHNSON: When does the Southwest Economic
9 Development Committee meet again?

10 MR. PFOHL: We have scheduled a September 1st application
11 deadline for the remaining funds from 2004.

12 DELEGATE JOHNSON: Will you make sure this gets in?

13 MR. PFOHL: Absolutely, yes.

14 DELEGATE JOHNSON: We don't want to push this around and we
15 don't want to pass the buck.

16 MR. NESTER: Mr. Chairman, I fully understand. This is an
17 important project and it creates a sizeable number of jobs and Chateau Morrisette is not
18 just in business in Floyd County but it's a large regional Southeastern United States
19 business. The fear of losing it is very serious to us.

20 DELEGATE JOHNSON: Sir, I'll just add that that Committee has
21 more money than we do.

22 MR. NESTER: I'm a firm believer in the golden rule.

23 DELEGATE JOHNSON: Thank you, we appreciate you coming.

24 MR. OWEN: You have other wineries?

25 MR. NESTER: Yes, we do.

26 MR. OWEN: Do they have the same problem?

27 MR. NESTER: Yes, sir, every spot located on the Blue Ridge
28 Parkway has this type of problem. We're going to be basically building a node that can
29 be expanded. Chateau Morrisette happens to be at the highest point there and we can
30 serve water to any site along the Blue Ridge Parkway, which would include Appalachia.
31 This project is part of what we seek in a long-term expansion.

32 MR. MAYHEW: Is this a large storage facility for water?

33 MR. NESTER: It's relevant, but I think in terms of a public water
34 supply, it's relatively small but it will be sized so that it can provide fire protection to an
35 area. Of all the well replacements in the New River Valley, which includes the counties
36 of Floyd, Montgomery, Pulaski and Giles County. Sixty-four percent of those well
37 failures took place in Floyd County. It's related to the hydrology and geology of our
38 area. Unfortunately, Chateau Morrisette is not only an agribusiness for us, but it's one of
39 our prime tourist assets. We have over a half a million visitors there a year.

40 MR. MAYHEW: Have the long dry years caused the wells to fail,
41 have they come back at all?

42 MR. NESTER: Some of them have and some of them have not.
43 Chateau Morrisette has lost two wells and they have not come back.

1 DELEGATE JOHNSON: Thank you. Next is the U.S. Department
2 of Agriculture, the Virginia Cooperative Coyote Damage Control Program, \$150,000.

3 MR. MCDANIEL: My name is Harold McDaniel, good afternoon
4 gentlemen. I have some handouts here for you all. I'm representing the request for this
5 funding. The Virginia Cooperative Coyote Program was established in 1990 with a joint
6 agreement between the state of Virginia and the U.S. Department of Agriculture. In
7 1994, the Sheep Industrial Board was formed and from those funds we received \$27,000
8 a year. In 1999, federal funds increased to \$129,000 and state matching funds were
9 raised to 50,000. This year the state funding was reduced by 15,000, which made it
10 70,000. The Sheep Industrial Board has reduced our funding by 4,000 this year. From
11 this handout you can see that Southwest Virginia has a tremendous amount of coyotes
12 and it can be extremely damaging to our farms in Southwest Virginia.

13 On that first chart it shows the coyotes that have been collected by the different
14 counties that I cover, which is twelve counties in Southwest Virginia. The next column
15 shows the actual livestock losses per county with the totals there. Then it also shows two
16 other regions within Southwest Virginia. We have the largest livestock losses and the
17 largest number of coyotes removed from Southwest Virginia. I didn't show 2003 because
18 our funds were lost for about an 8-week period of time and during that time there was
19 over \$10,000. In my pre-application, I showed that we lost a total of 17,000 in 2003,
20 10,000 of that was lost in a 3-week period of time when we shut down. That will give
21 you an idea of the type of losses that we have suffered in Southwest Virginia. Then we
22 have some different charts that show the livestock losses and then it shows the number of
23 coyotes taken. Then the next chart shows the Southwest Virginia damage trends, it
24 breaks it down for the year and the loss of animals, it shows the number of coyotes
25 removed as well as the livestock that was lost. The smaller graph here shows it by
26 counties. This shows the expansion of the coyote population in Southwest Virginia from
27 '95 to 2002 and that will give you some perspective.

28 Currently, of the 95 counties in Virginia, we're reporting about 62 counties,
29 that's the total counties in Virginia right now. Are there any questions?

30 DELEGATE JOHNSON: How many counties have bounties on
31 coyotes?

32 MR. MCDANIEL: Tazewell, and there's three of them east of
33 Wytheville and if you'd like I'll address the bounty program. The bounty program has
34 been in effect in some form or another for 2,700 years. A bounty takes animals out of the
35 general population, it has no real effect on actually what's happening on the farms. There
36 was a 35 year study in the state of Michigan from 1935 to 1970. The state of Michigan
37 paid \$1,899,000 for 111,000 coyotes and in 1990 they collected 5 fewer than they did
38 originally, just to give you some perspective.

39 DELEGATE JOHNSON: How would the 150,000 be spent?

40 MR. MCDANIEL: To more or less stabilize the whole program for
41 us.

42 DELEGATE JOHNSON: What do you mean stabilize?

43 MR. MCDANIEL: We're always running in the red. We can

1 always use the vehicles –
2 DELEGATE JOHNSON: You're not chasing the coyotes with a
3 vehicle are you?
4 MR. MCDANIEL: No, sir, it's getting from farm to farm in a single
5 day this time of year, I'll be working probably 80 some farms a week.
6 DELEGATE JOHNSON: What do you mean by working a farm?
7 MR. MCDANIEL: Trying to prevent livestock losses and removing
8 the coyotes that are responsible for it.
9 DELEGATE JOHNSON: Looking at a farm, how does that keep the
10 coyotes from killing the lambs or the calves?
11 MR. MCDANIEL: Normally farms are pinpointed around the first
12 of the year and we trap them and remove them that way.
13 DELEGATE JOHNSON: What about the cruelty animal groups,
14 would they complain about that?
15 MR. MCDANIEL: No, sir. We're on private land, they don't have
16 access to those farms.
17 DELEGATE JOHNSON: 150,000 is a lot of money. How many
18 employees would that support?
19 MR. MCDANIEL: Within the tobacco belt it would supply two
20 vehicles and then the equipment that we're short of right now.
21 MR. JENKINS: What other equipment would you need, besides
22 vehicles?
23 MR. MCDANIEL: Traps, supplies, lures, items such as that.
24 MR. JENKINS: You can buy a lot of traps for \$150,000.
25 MR. MCDANIEL: The vehicles you're talking about 70,000 right
26 there. And then the ATV is 6,000, salaries isn't included in that.
27 MR. JORDAN: Most of that would be used for traveling?
28 MR. MCDANIEL: Yes, sir.
29 MR. STALLARD: If a farmer has a problem with some other type
30 of pest, other than the coyote, can they also call you?
31 MR. MCDANIEL: Yes.
32 MR. STALLARD: We had trouble there, beavers damming up the
33 creek and causing floods in the bottom land, Mr. McDaniel did take care of the beaver
34 problem for us. Linda referred to the beekeepers having trouble with bears and I don't
35 know if you've had any trouble like that but if you want a professional and need help on
36 the farm with a pest, Mr. McDaniel is the man to call.
37 MR. BRYANT: I'd like to know how you're funding compares to
38 other districts from USDA. I say this because I'd like to know if the Congressman needs
39 to be kind of punched and try to bring in some funds.
40 MR. MCDANIEL: We've contacted our congressman four times,
41 nothing so far.
42 MR. BRYANT: Is that Rick Bousher?
43 MR. MCDANIEL: Yes.

1 DELEGATE JOHNSON: Do you receive any compensation or do
2 the people working under you, are they compensated from the Commonwealth of
3 Virginia?

4 MR. MCDANIEL: We do get state funds and right now it's seventy
5 thousand but that's throughout the whole state.

6 DELEGATE JOHNSON: As I understand it, I believe the money to
7 take care of this was in the state budget and then it was determined it was not there.

8 MR. MCDANIEL: A special session, it was.

9 DELEGATE JOHNSON: It has been promised that the Governor
10 would put it in the budget next year?

11 MR. MCDANIEL: Yes, sir. The full funded amount was 121,000 I
12 believe.

13 DELEGATE JOHNSON: Any other questions? Thank you, sir.
14 That completes a rundown of what we have.

15 MR. BRYANT: I'd like to ask a question, and if you'd look at
16 project number five, the Virginia Tech College of Agriculture and Life Services and the
17 VBI, I'd like to ask the staff why that's not before the technology committee.

18 MR. PFOHL: On my read of that, this is very similar to what the
19 Special Projects Committee funded with the Bioinformatics Institute. My personal
20 opinion is that that would be an expansion of Special Projects.

21 MR. BRYANT: Why don't we refer it to Special Projects
22 Committee?

23 MR. PFOHL: You can make a good case for that.

24 MR. BRYANT: I make a motion that we refer it to Special Projects.

25 MR. MAYHEW: I'll second it.

26 DELEGATE JOHNSON: A motion has been made and seconded,
27 any discussion? All in favor let it be known by saying aye. (Ayes.) Opposed, no. (No
28 response.) The ayes have it.

29 MR. PFOHL: Mr. Chairman, I mentioned in my opening comments
30 the expectation for the process as we presented it in May and notified potential applicants
31 today that the Committee would express interest in a limited number of these proposals
32 that would be invited to submit full applications by September 1st. If we can be of
33 assistance in identifying any kind of consensus about what might be the projects that you
34 would like full applications from, we'll be happy to help in that regard.

35 MR. OWEN: I'd like to ask Dr. Nowak a question. On these
36 methyl bromide replacement projects, it's described as sort of a joint proposal between
37 the Department of Horticulture and Bioinformatics. You described assets at ILR for
38 laboratories that would be used to pursue this. It's my understanding that ILR for the
39 next 12 months, or the Bioinformatics portion of it, there would be nothing going on at
40 ILR in terms of Bioinformatics prior to June of '05.

41 DR. NOWAK: That's correct. Bioinformatics is a partner, Dr. Wong
42 is working in Bioinformatics and she will provide her technological expertise.
43 Bioinformatics is actually not a partner as far as the delivery. She has unique expertise,

1 which is a very cutting edge technological assessment.

2 MR. OWEN: The Institutes role in any faculty, graduate students,
3 or researchers there would be horticulture people and not specifically Bioinformatics
4 people?

5 DR. NOWAK: Yes.

6 DELEGATE JOHNSON: Any other questions?

7 MR. FIELDS: Mr. Chairman, did anyone speak to the Abingdon
8 Feeder Cattle Association?

9 DELEGATE JOHNSON: No one was here.

10 MR. BRYANT: Mr. Fields, do you want to speak to it?

11 MR. FIELDS: I might speak to you a second about this, for a
12 second and CD please don't ask me about this, because I have no dog in the fight really
13 and I don't know about the money or any of this. I know that the Board of Supervisors
14 from Lee County have made a statement that they wanted to do this. They provided the
15 building to do this. From listening to the vegetable people talk today and if you've been
16 around vegetable growers, they seem to bring more back home than they take to market.
17 The federal prison just came to Lee County and it opened two or three years ago and who
18 was going to provide them with food and I'm sure they had plenty of those somewhere
19 else. I'll say that the federal prison did make every effort to do everything locally as they
20 could. I think that's what these folks have in mind but I think if you're making or
21 canning potato soup, it doesn't matter if those potatoes were too large, you can use them.
22 It didn't matter if the tomato had a spot on it, they could cut it out and use it. I did hear
23 someone speak about the molasses meal. Molasses is a very popular item in Southwest
24 Virginia. What stops molasses is the had word, dripping and cutting cane and this sort of
25 thing. This is a simple process, the new milling ideas with the cane. I know the Lee
26 County Board of Supervisors are prepared to make that part of it, put some investment
27 into it. They're also prepared and it'll be a full licensed facility. I think vegetable
28 growing in Lee County will grow rapidly for people that are going to farm. I think the
29 tobacco production is about done for there. Maybe the farms will grow up, and I don't
30 know, but I think Lee County is willing and able. Farm Bureau backs it and I know that
31 it has been pushing for this kind of process. Would any of the money or whatever other
32 means, I have no earthly idea and I couldn't answer to that. I know that the local
33 government is ready to make a pitch for it.

34 I was hoping this cattle group would be here today because it sounds like
35 something that would help the entire Southwest area. I think it should have been
36 addressed today. Are you ready to address it, John?

37 MR. STALLARD: I was hoping, Fred, that Linda would bring us in
38 on a joint project, Southwest along with Southside.

39 MR. BRYANT: I'd like to ask the staff, are they seeking to do this
40 by themselves, or why not join in with something that we've laid the groundwork for,
41 learned a lot of the pitfalls and everyone can benefit. It would be absolutely ludicrous to
42 go out and do it again.

43 MR. FIELDS: Have you made mistakes with the project up to this

1 point?

2 MS. WALLACE: Certainly we've made a few mistakes and we've
3 had a few stumbling blocks administratively. Implementing the practices. I wanted to
4 make sure that all members of the Committee here understand that the Southside
5 proposals are included in the addendum suggesting the projects be combined. There's
6 very little difference. As Project Leader of the Southside Value-Added Beef Initiative, I
7 became aware at the last minute that Mr. Jerrell had put forth a proposal from the
8 Southwest. It was my understanding when I forwarded all our information to Mr. Jerrell
9 last October following approval by the full Commission that if the Southwest was coming
10 forward with an application that they would make me aware of that. At that time, I
11 suggested we work together on a project. Unfortunately, and for whatever reason, that
12 did not happen. I called Mr. Jerrell at the bewitching hour and attempted to combine the
13 projects before they were submitted individually and Ms. Nelson is aware of my
14 intentions there as is Mr. Pfohl, and I didn't get anywhere with that suggestion. In our
15 proposal, as Ms. Nelson is aware and Mr. Pfohl is, I suggested that for the greater good
16 that the Southwest can benefit from these programs the same as Southside. I guess
17 Southside is willing to withdraw three Southside counties and substitute three Southwest
18 counties. Mr. Jerrell was not receptive to that idea. This actually would benefit all of us.
19 It seems like if we work on one project and combine it, it has similar goals. We'd be
20 tracking the same data and I think it would be much more beneficial as a joint project
21 than an individual one. That way we could all be on the same page and tracking the same
22 data and it would be much more beneficial as a project.

23 MR. BRYANT: Who is the spokesman for Southwest? I think you
24 referred to one and she referred to another.

25 MR. PFOHL: The application was submitted in the name of
26 Abingdon Feeder Cattle Association. Their president sent a letter that was attached with
27 it and it was sent to us by Scott Jerrell who is the extension agent for Scott County.

28 MR. FIELDS: The extension agent from Scott County evidently
29 wrote the project for the Abingdon, which is in Washington County. They included four
30 other counties, I don't know how that would work out separated, you put those two
31 together.

32 DELEGATE JOHNSON: Which two?

33 MR. FIELDS: Southside and Southwest.

34 DELEGATE JOHNSON: Why can't we do that? There's no reason
35 why we can't.

36 MR. FIELDS: We're getting a little pressure on the time here.

37 MR. PFOHL: Initially we had identified September 1st, if we got
38 the proposals by September 1st that would give six or seven weeks before the
39 Commission meeting so you could make an award if you wanted to at the October 21st
40 meeting. The September 1st date is flexible.

41 MR. FIELDS: We're going to have to go back to Southwest first of
42 all and find out who's speaking for Southwest Cattlemen's Association. We can't let
43 Scott Jerrell make decisions for five other counties.

1 DELEGATE JOHNSON: He just filed the application and made the
2 contact for the other counties.

3 MS. WALLACE: I think the September thing is doable, unless you
4 all have some major objections to the larger product, the Value-Added Beef Initiative and
5 that's the 32 pager that we submitted several years ago. Minus the forage component.
6 Southwest doesn't want the forage component after implementing the program for
7 Southside, we are suggesting that the forage component be dropped as well. Other than
8 ironing out a few details about eligible expenditures, I see it as a very doable project, Mr.
9 Fields, if you can identify an individual or group of individuals in Southwest to meet with
10 us and iron out some of these details, unless you want the entire project rewritten.

11 DELEGATE JOHNSON: Why not contact the person that contacted
12 you?

13 MS. WALLACE: Mr. Jerrell? Quite frankly, I would prefer to
14 speak to the applicant or the president of the Abingdon Feeder Cattle Association.
15 Nothing personal, but if Scott is writing the proposal and submitting it on behalf of the
16 Abingdon Feeder Cattle, like Mr. Fields said, Scott Jerrell is in Scott County and there's
17 six counties that the Abingdon Feeder Cattle Association represents. I think we should
18 speak with a representative of the Abingdon Feeder Cattle Association.

19 MR. STALLARD: I think Scott has worked in conjunction with the
20 other county agents of the other six counties involved. I talked to Phil Blevins about his.

21 MR. OWEN: Mr. Chairman, if our objective today is as Tim said, or
22 as Tim said a short list, why don't we include both these projects on our short list with
23 instructions from the Committee staff to do what we're talking about, merge the projects
24 together and consolidate this.

25 DELEGATE JOHNSON: Do you make that motion?

26 MR. OWEN: I certainly do.

27 DELEGATE JOHNSON: Is there a second?

28 MR. BRYANT: I'll second it.

29 DELEGATE JOHNSON: Any discussion? All in favor let it be
30 known by saying aye. (Ayes.) Opposed, no. (No response.) The ayes have it.

31 Tim, would you make sure that Mr. Blevins is contacted or whoever?

32 MR. PFOHL: We'll try to bring the two applicants together and
33 strongly encourage them to submit a combined proposal.

34 MR. OWEN: If we're identifying a short list, I'd like to ask my
35 flue-cured colleagues here about the methyl bromide issue, how big a deal it is or is the
36 problem defined, alternatives.

37 MR. BRYANT: It has been portrayed that it is going to be very
38 difficult, that's using the one-pound can that has been traditional. It's my understanding
39 now you can actually purchase it in a smaller cylinder, which you'll be able to purchase
40 that. That's what the suppliers tell me beyond 2005. That will be in cylinder form or
41 that's what I was told by the supplier.

42 MR. FIELDS: What are you using it for?

43 MR. BRYANT: We're using it to ---.

1 MR. WEST: --- I think some research companies or private
2 companies are trying to find something to replace the methyl bromide.

3 MR. MAYHEW: Suppliers are looking for alternatives, they need it
4 a lot worse than tobacco.

5 DR. NOWAK: There's an extensive research program on methyl
6 bromide replacement all across the world and several alternatives have been introduced
7 into the market, which is much more toxic. They're looking into the natural compounds.
8 It can also be used as an aerosol spray and works as an insecticide, I believe. There's
9 also opportunity to actually generate in the market for the product itself and also for
10 growing mustard and hot peppers.

11 MR. MAYHEW: That would be the aspect of it that would be of
12 interest to us as a replacement for tobacco. Something to enhance the chance to make
13 money in our area rather than the use of the final product.

14 MR. OWEN: I'd like to make a motion that the methyl bromide
15 microbial management and the Facilities at Reynolds Homestead be invited to submit a
16 more thorough proposal for our consideration.

17 DELEGATE JOHNSON: Is there a second? Is there any interest?

18 MR. JENKINS: Are we to consider the total moneys available in
19 the final analysis when we recommend something to be resubmitted or upgraded or just
20 anything that looks good and take another shot at it?

21 MR. PFOHL: That's at the pleasure of the Committee, sir.

22 MR. MAYHEW: Do you think we're on safe ground to assume that
23 the two areas that are misplaced will find a home somewhere else and they won't have to
24 come back for the 1,030,000, do you think we're on safe ground?

25 MR. FIELDS: I think it is. The College of Agriculture and Life
26 Sciences, VBI, will go to Special Projects. Floyd County Board of Supervisors to the
27 Southwest Economic Development, those two are already down there, aren't they?
28 We've combined and we've agreed to a three-county pilot with Halifax and Washington
29 County, trying to merge those two.

30 DELEGATE JOHNSON: We've already merged them.

31 MR. JENKINS: Have you merged the monetary request as well as,
32 or did you put them together to look at the total amount, or are you looking at the total
33 amount being one of them or separately?

34 MR. PFOHL: They have an opportunity to combine their proposals
35 and look for cost savings and efficiencies. They have an understanding of the amount
36 this Committee has available, which gives them an opportunity to further refine their
37 proposal and come back to us. I think you'll probably see a different budget page and
38 perhaps a different request or different dollar amount.

39 MR. BRYANT: Mr. Chairman, I'd like to see this Committee focus
40 on a few projects, if we get spread out, we're not going to be a factor. We've already
41 identified the Beef Initiative as a worthy project and I sincerely think it is. I think we
42 need to be careful as we look at these other projects that we don't spread ourselves too
43 thin and then not being effective. I'm not saying that these are not worthy projects, but I

1 think we need to look at a few and that's my point.

2 MR. WEST: I would agree with what Clarence says, I think we
3 need to keep it as small as possible.

4 DELEGATE JOHNSON: The two small ones that stood out to me
5 was the Scott County Hair Sheep Association and the Bee Pollination Project. What are
6 the thoughts of others?

7 MR. FIELDS: If we're going to raise sheep, we'd better keep that
8 man busy.

9 MR. STALLARD: I'm wondering, since we're on beef that maybe
10 we could consider hair sheep out of a reduced request. Like Fred said, if you're going to
11 have some valuable animals on your farm, you don't need losses from predation. These
12 two other smaller projects might also reduce the request, get down to bare bones. I'd like
13 for it to go for the forage animals all tied in with the Beef Initiative.

14 MR. BRYANT: Mr. Chairman, do we have a representative from
15 VDAC? I want to put you on the spot. Since you represent the state in agriculture, when
16 we look at these projects that have been proposed by Virginia Tech, is there any particular
17 project that stands out that you think would be economically productive for a region like
18 Southwest and the Southside? I guess we're looking for the best bang for our buck.
19 Something that would be very good for all of us.

20 MR. SCRUGGS: I'm Bill Scruggs, Virginia Department of
21 Agriculture. To answer your question, Mr. Bryant, I've been to a lot of things with the
22 Virginia Wine Industry in terms of biotechnology as well. I think both of those areas
23 could offer some promise and some potential for the future if you look across the entire
24 region. As far as the wine industry, there's been some interest in Chateau Morrisette and
25 they've been working trying to get some wine grape production in Southside, particularly
26 in Franklin and Pittsylvania County on the western edge of that. In talking with Tony
27 Wolf, he's indicated the information they have, largely based at Winchester and the
28 Charlottesville area, and there's a lot of difference in the climate between there and
29 Southside. There is some risk as I understand it because the grapes may not do as well in
30 one area versus another and depending on the weather, of course. So, based on what I've
31 seen, there is some potential risk, and as I said, there is some difference in the climate in
32 the region comparing Southside and Southwest as far as being different climate and you
33 have to keep in mind the diversification of agriculture. This wine or grape initiative
34 might offer some opportunity. The question is do you know that there is going to be
35 demand for those grapes and I know of three wineries in the state that are consistently
36 interested in buying grapes because they're currently bringing in juice from out of state.
37 And if you bring in something that's not Virginia juice, then you can't, you have to have
38 51% used in Virginia in order to be Virginia wines. I don't know if that answers your
39 question.

40 MR. BRYANT: What about Southwest Virginia, do you have
41 information on that?

42 MR. SCRUGGS: Chateau Morrisette, a lot of their grapes are
43 technically in Southwest and we have a wine association in Southwest.

1 MR. BRYANT: Do you feel comfortable with production in that
2 area?

3 MR. SCRUGGS: You probably have to ask this gentlemen back
4 here about how well that database will translate into Southwest.

5 DR. NOWAK: I'd like to make a statement. I'd like to put the
6 nursery industry in perspective. The nursery and landscaping industry is a \$2 billion
7 industry contributing to the economy, growing very fast. If you look at the map, most of
8 the nurseries are located around very fast urbanizing areas where the land is growing very
9 quickly, land value. They're bringing in small tiny trees and shrubs and importing them
10 from Oregon and Washington. This is an opportunity for us to make a serious impact and
11 grow in this area within the tobacco area utilizing existing resources, which are the
12 greenhouses and utilizing the capabilities that Virginia has. There'll be a shift in the
13 production area for Southside. This high-value crop relies on new introductions. There's
14 a tremendous potential to make an impact. We've generated close to a million dollars to
15 build an infrastructure and linking it to existing programs, we have collections from
16 China, Taiwan, the Republic of Georgia. We have to have infrastructure to test and
17 evaluate these products. There might not always be immediate impacts, but we're trying
18 to build. Reynolds Homestead is one opportunity that is very important to the Virginia
19 Nursery and Landscape Association. I have been writing grants left and right, trying to
20 target the funding agencies, which allows us to bring people into the program. We can
21 not get for this program funding or testing facilities to building the greenhouses. Those
22 are complementary activities, which are a must for the program.

23 MR. MAYHEW: I'd like to add that the Virginia Ornamental Plant
24 Evaluation and Introduction Program, I move that be added to our list.

25 MR. BRYANT: I would second it.

26 DELEGATE JOHNSON: Any discussion? Are you prepared to
27 vote? All in favor of the Virginia Ornamental Plant Evaluation and Introduction Program
28 —

29 MR. FIELDS: Before you do that, I know this is regional, both
30 regions. Is some of this coming to the Southwest?

31 DR. NOWAK: We want to make sure that's what happens. We have
32 a research center in Saltville. The new superintendent is a horticulturalist and the
33 greenhouses and this is integrated into the program.

34 MR. BRYANT: Would the institute work with the Association in
35 this research?

36 DR. NOWAK: We have a workshop in November, actually the
37 workshop was in Danville, half a day with the Institute and with other partners invited
38 from North Carolina and Mississippi State. We've been developing this program for 2 1/2
39 years.

40 DELEGATE JOHNSON: Other questions?

41 MR. FIELDS: Give us some time before we do vote on that.

42 DELEGATE JOHNSON: Virginia Ornamental Plant Evaluation and
43 Introduction Program would be one of the numbers that we consider for funding, that was

1 the motion and it was seconded and we've had discussion. All in favor let it be known by
2 saying aye. (Ayes.) Opposed, no. (No response.)

3 We've already decided that we would merge and consider the three county
4 pilot project and the Abingdon Feeder Cattle Association project. Those are two we
5 decided we would consider.

6 MR. STALLARD: I'd like to make a motion, Mr. Chairman, that
7 we include the hair sheep project, maybe at a reduced rate, possibly and maybe some on
8 the predation control, the pilot project, the coyote project. You have valuable animals out
9 there and if it ever happens to you, you'll know.

10 DELEGATE JOHNSON: That would be the last one, the coyote
11 program and the hair sheep to be considered in the next round. Is there a second?

12 MR. FIELDS: Second.

13 DELEGATE JOHNSON: Any discussion? All in favor let it be
14 known by saying aye. (Ayes.) Opposed, no. (No response.)

15 These are the ones that we're considering or that will be in a pool to be
16 considered. Are there any others?

17 MR. WEST: Can we talk about the beekeepers? I don't see any
18 purpose in presenting a long application if we're not going to approve it. I wonder if
19 there's any interest on the Committee for the beekeepers.

20 DELEGATE JOHNSON: As I said earlier, I think that is a worthy
21 project. I read some articles on that the other day and there's a great concern about
22 what's going to happen to our fruits and crops if the bee population continues to decline
23 because there's not going to be any pollination and if there's no pollination then we're
24 not going to have the fruits and I think it's very good.

25 MS. WALLACE: We certainly would be willing to revisit the
26 money, the budget.

27 DELEGATE JOHNSON: You'll have to do that big time.

28 MR. WEST: I'll make the motion.

29 DELEGATE JOHNSON: Is there a second?

30 MR. STALLARD: Second.

31 DELEGATE JOHNSON: We have a motion and a second, any
32 discussion?

33 MR. BRYANT: Yes, when you just list Halifax County, how
34 regional will you be with this project?

35 MS. WALLACE: As far as I know, Mr. Bryant, any county in
36 Southwest and in the Southside region could benefit from additional beehives. When I
37 revise the budget, and as Mr. Tignor mentioned Southwest and Southside Virginia in his
38 comments, but in a full proposal I could certainly stipulate that. I guess it was listed as
39 Halifax that way because I wrote it.

40 DELEGATE JOHNSON: Should the record show that it is the
41 intention that this project be covering Southside and Southwest Virginia?

42 MS. WALLACE: Yes, that was certainly our intention all along.

43 DELEGATE JOHNSON: Any other discussion? If not, all in favor

1 let it be known by saying aye. (Ayes.) Opposed, nos. (No response.)

2 Have we completed our work? Do you have a list of what we have approved?

3 MR. PFOHL: Yes. Mr. Chairman, based on the motions that were
4 approved, the pre-applications that will be invited to submit a full proposal by September
5 1st are the Virginia Nursery Landscape Association, Ornamental Plant Evaluation Project,
6 the Regional Beekeepers Project, the merged Beef Cattle Project for Southside and
7 Southwest, the Hair Sheep Education Project and the Coyote Damage Control Project.

8 DELEGATE JOHNSON: Those will be the ones that we consider.
9 Of course, anything this Committee does will be subject to approval by the full
10 Commission.

11 MR. PFOHL: Mr. Chairman, just to clarify, there was a motion and
12 seconded but not voted on regarding the Nursery and Landscape Association, it's still in
13 discussion, I believe.

14 DELEGATE JOHNSON: I believe we voted on it.

15 MR. PFOHL: I'm sorry.

16 DELEGATE JOHNSON: Any remarks or comments from the
17 Commission members? This was not advertised as a public meeting, but do we have any
18 comments from anyone in the audience?

19 MR. SCRUGGS: At the request of the executive director and as you
20 recall we had a meeting back in February in Richmond, and John Mark Hack from
21 Kentucky was there and talked about programs they'd been doing in agriculture in
22 Kentucky. There was some discussion about taking a trip to Kentucky and seeing some
23 of this firsthand. That had to do with livestock and some other things. There's been
24 some discussion and ideas floating around about that. Maybe either in August or October
25 or November, maybe going for a three-day trip to look at some Value-Added processing
26 that they're doing and some of their technical assistance programs they put in place and
27 some value-added businesses that had been started. Carthan asked me to mention this to
28 you to see if anyone was interested and if we should move forward with trying to
29 schedule something, maybe in October.

30 MR. BRYANT: I would agree.

31 MR. WEST: I think so.

32 MR. SCRUGGS: All right, thank you.

33 DELEGATE JOHNSON: Thank you. Are there any more
34 comments from anyone? Well, then do we have a motion to adjourn. We have a motion
35 to adjourn and we are adjourned. Thank you all.

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37 PROCEEDINGS CONCLUDED.

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CERTIFICATE OF THE COURT REPORTER

1 I, Medford W. Howard, Registered Professional Reporter and Notary
2 Public for the State of Virginia at large, do hereby certify that I was the court reporter
3 who took down and transcribed the proceedings of the **Agribusiness Committee**
4 **Meeting when held on Thursday, July 15, 2004 at 2:00 p.m. at the Hotel Roanoke**
5 **and Conference Center, Roanoke, Virginia.**

6 I further certify this is a true and accurate transcript to the best of my
7 ability to hear and understand the proceedings.

8 Given under my hand this 17th day of June, 2004.
9
10
11
12

13 _____
14 Medford W. Howard
15 Registered Professional Reporter
16 Notary Public for the State of Virginia at Large
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19

20 My Commission Expires: October 31, 2006.